

# **Rail Bill Aids Consumers**

## ***Targets Railroad Industry Monopoly Power***

Representatives Tammy Baldwin (D-WI), Rodney Alexander (R-LA), and Earl Pomeroy (D-ND) today introduced legislation in the House as a first step toward ensuring competition and eliminating price gouging in the consolidated railroad industry.

The Railroad Antitrust Enforcement Act of 2007 (H.R. 1650) eliminates the railroad antitrust exemption, an antiquated exemption that has allowed freight railroads to reap record profits – while often providing unreliable service and charging exorbitant fees. As a result of this exemption, many public utilities, paper mills, and agriculture (growers and producers) have suffered declining service, unreliable rail shipments and unreasonably high costs.

“This legislation is long overdue and absolutely necessary to begin to end the monopolies some railroads have in regions around the country,” said Congresswoman Baldwin. “Some industries are now ‘captive shippers’ at the mercy of a single railroad’s price increases. These price increases are then passed on to the consumer in a vicious cycle of rising rates. Enough is enough!” Baldwin said.

“The agriculture and the paper industries employ thousands of my constituents in the 5<sup>th</sup> Congressional District of Louisiana,” Alexander said. “With the nation moving towards increased production of ethanol and biodiesel, I feel this legislation will make the industry more viable in 5<sup>th</sup> District and throughout the country by ensuring a level playing field in the distribution and transportation of these products.”

“Farmers in North Dakota and across the country depend on the railroad industry to deliver their crops to market. When rail rates are high and service is unreliable, farm country suffers,” Pomeroy said. “By ending the exemption that allows certain railroads to have a monopoly on the industry, farmers, energy producers and consumers alike will benefit.”

Over the last 20 years, railroad industry consolidation has reached the point where only four class I railroads provide more than 90 percent of the nation's rail transportation. These railroads, with no competition and protected by a series of exemptions from the normal rules of antitrust law, have free rein to raise shipping rates.

The cost of shipping coal gives a graphic example of the current problem. According to the Wisconsin Public Service Commission, in 2005, Wisconsin utilities (captive shippers), incurred nearly \$73 million in additional costs associated with shipments of coal, which provides about 60 percent of the state's energy. These costs were then passed along to consumers who were already paying record high energy prices.

In August 2006, the Attorneys General of seventeen states sent a joint letter to the House and Senate Judiciary Committees asking Congress to remove the railroad antitrust exemption.

The Baldwin/Alexander/Pomeroy bill repeals the railroad antitrust exemptions in antitrust and transportation statutes, so that antitrust law fully covers railroads. The bill will permit the Justice Department and Federal Trade Commission to review railroad mergers under antitrust law and it will eliminate antitrust exemptions for mergers, acquisitions, collective ratemaking and coordination among railroads. The bill also will allow state Attorneys General and other private parties to sue for treble damages and to sue to halt anticompetitive conduct, both of which are not currently allowed under federal law.

Sen. Herb Kohl (D-WI), Chairman of the Judiciary Antitrust Subcommittee, has introduced a companion bill in the Senate.

**Jenni Terry**  
**Press Secretary**  
**U.S. Rep. Rodney Alexander**  
**202-225-8490**